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August 18, 2021

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk/Executive Director
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Re: **Annual Review of Base Rates for Fuel Costs of Duke Energy Carolinas, LLC,
Increasing Residential and Non-Residential Rates
Docket Number: 2021-3-E**

Dear Ms. Boyd:

Enclosed for filing on behalf of Duke Energy Carolinas, LLC (“DEC” or the “Company”) please find the Supplemental Direct Testimony and Exhibits of Company witnesses Bryan L. Sykes and Brett Phipps.

The Company is filing this supplemental testimony based on a newly updated forecast of fuel costs that was not available ahead of DEC’s July 30, 2021 direct testimony filing. Due to unexpected, material changes in fuel commodity costs, the Company has determined that a significant under-recovery of fuel costs—approximately \$38 million as allocated to South Carolina—would likely accrue through the end of the billing period if not addressed in this proceeding. Given the materiality of the changes to the forecast; S.C. Code Ann. § 58-27-865(B)’s requirement that the forecast portion of the fuel rate should be “an amount designed to recover” the fuel costs for the twelve-month billing period; the need for electric rates to accurately reflect the costs to serve so that customers can make informed decisions about their electricity usage; and in order to prevent a significant under-recovery of fuel costs at the end of the billing period, the Company determined that this supplemental testimony filing was in the best interest of customers and most accurately reflects rates in accordance with S.C. Code Ann. § 58-27-865.

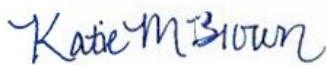
The overall impact of all components of the supplemental filing to customers’ monthly bills results in an increase of \$3.55 or 3.0% for a typical residential customer using 1,000 kWh per month from rates currently in effect. The impacts for average general service, lighting and industrial customers vary by customer, but are approximately 3.4%, 1.7% and 5.5%, respectively.

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Although this situation is atypical, it is not unprecedented, and the Company has, in the past, proposed rates based on an updated fuel cost forecast, as changes were necessary to align rates to recover anticipated costs.¹ The Company is sensitive to the short turnaround time between this filing and the deadline for intervenor direct testimony. To that end, the Company notified ORS and the other intervening parties of the need for supplemental testimony ahead of this filing and has committed to responding to any additional discovery that is warranted by this filing on an expedited basis. The Company is also open to working through any issues with the current case schedule with the parties.

By copy of this letter, I am serving all parties of record via electronic mail.

Sincerely,



Katie M. Brown

Enclosures

cc: Parties of record

¹ See Order No. 2013-696, Docket No. 2013-3-E (approving the settlement agreement entered into by the parties and fuel rates based on an updated forecast where commodity costs declined).